

Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 /051 R

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AF/E:HHJANIN

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R 151510Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY LUSAKA

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E.O. 11652: N/A

TAGS: EFIN/ZA

SUBJECT: EXIMBANK CREDIT NO. 5981 FOR 707 AND 737 AIRCRAFT

1. SUBJECT CREDIT AUTHORIZED 6/23/75 FOR DOLS 9,734,400
IN FAVOR GRZ TO FINANCE 45.0 PERCENT OF ONE BOEING 737 AND ONE
707 AIRCRAFT HAVING TOTAL U.S. COST OF DOLS21,632,000.
BALANCE OF COSTS WERE TO BE FINANCED BY 10 PERCENT CASH PAYMENT AND 45

PERCENT PRIVATE CREDIT. PRIVATE CREDIT OR ORIGINALLY TO
TO BE PROVIDED BY CHEMICAL BANK WITHOUT EXIMBANK'S GUARANTEE;
HOWEVER, AT REQUEST GRZ GUARANTEE FOR HALF OF PRIVATE CREDIT
WAS APPROVED 8/29/75 AS CHEMICAL NOT PREPARED TO PROCEED WITH-
OUT THIS ADDITIONAL SUPPORT.

2. WHEN IT SUBSEQUENTLY BECAME CLEAR CHEMICAL BANK UNWILLING
TO CONCLUDE AGREEMENT WITHOUT WAIVER OF SOVEREIGN IMMUNITY
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CLAUSE (WHICH GRZ NOT PREPARED TO GRANT) MR. D. SIGSWORTH

OF GRZ FINANCE MINISTRY

APPLIED TO EXIMBANK BY LETTER OF 1/23/76 FOR RESTRUCTURING
OF TRANSACTION

AS FOLLOWS: QUOTE I REFER TO YOUR LETTER OF 30TH DECEMBER 1975 WITH
REGARD TO CREDIT NO. 5894 IN WHICH THE AMOUNT OF THE CREDIT WAS
REDUCED BY THE EXCLUSION OF THE COMMERCIAL PORTION OF THE CREDIT.
IF THERE IS NO WAY IN WHICH THE PRESENT CREDIT CAN BE FINALISED
UNDER THE PRESENT TERMS I WOULD REQUEST THAT THIS CREDIT NO.
5981 BE TREATED IN THE SAME WAY. ENDQUOTE. EXIMBANK
APPROVED AMENDMENT OF CREDIT NO. 5894 FOR LOCOMOTIVES 12/23/75
TO PROVIDE, AT GRZ REQUEST, ELIMINATION COMMERCIAL BANK CREDIT
FOR SAME REASON AS ABOVE TO BE TAKEN UP BY INCREASE IN CASH
PAYMENT.

3. FOLLOWING SIMILAR RESTRUCTURING APPROVED 2/27/76 ON SUBJECT
AIRCRAFT CASE (INVOLVING CANCELLATION GUARANTEE ON HALF OF
PRIVATE CREDIT AND INCREASE IN CASH PAYMENT TO 55 PERCENT OF
U.S. COSTS)

EXIMBANK SURPRISED TO RECEIVE TELEX ON 4/7/76 FROM F.M. WAL-
USIKU, MINISTRY OF FINANCE REQUESTING REINSTATEMENT OF GUARANTEE.
SINCE EXIMBANK ASSUMED IT HAD BEEN ACTING ACCORDING TO GRZ WISHES IN
RESTRUCTURING AIRCRAFT CASE ON SAME BASIS AS LOCOMOTIVES,
BANK WOULD APPRECIATE EMBASSY DISCUSSION THIS RATHER CONFUSED
SITUATION WITH GRZ TO DETERMINE WHETHER: (1) CASH PAYMENT OF
55 PERCENT CAN BE MADE BY GRZ ON BOTH AIRCRAFT SINCE 707
(WHICH ACCOUNTS FOR ABOUT HALF OF COSTS) ALREADY DELIVERED
AND PAID FOR, AND (2) ANY COMMERCIAL BANKS PREPARED TO CONSIDER
CREDIT WITHOUT EXIMBANK GUARANTEE. EXIMBANK RELUCTANT TO
CONSIDER ADDITIONAL EXPOSURE WHERE IT DOES NOT APPEAR NECESSARY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT AUTHORIZATIONS, AIRCRAFT SALES, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE091079
Document Source: CORE
Document Unique ID: 00
Drafter: JOHN W LENTZ
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760144-0447
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760456/aaaabvsm.tel
Line Count: 91
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUL 2004 by MartinML>; APPROVED <19 OCT 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIMBANK CREDIT NO. 5981 FOR 707 AND 737 AIRCRAFT
TAGS: EFIN, ZA, XMB
To: LUSAKA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006